

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6905

Petition of Central Vermont Public Service)
Corporation seeking Board orders in connection)
with the Comprehensive Settlement Agreement)
relating to § 401 certification of the Lamoille)
River Hydroelectric Project, FERC No. 2205, as)
it relates to the decommissioning of the Peterson)
generating station located in the Town of)
Milton, Vermont –)

Order entered: 2/18/2004

PROCEDURAL ORDER

The Prehearing Conference Memorandum in this Docket, issued December 23, 2003, required parties to file comments on the scope of the Docket by January 16, 2004. The Vermont Agency of Natural Resources ("ANR") requested, and was granted, an extension to file comments until February 6, 2004.

On February 6, 2004, the parties in this case [Central Vermont Public Service Corporation ("CVPS"), Vermont Department of Public Service ("Department"), Vermont Natural Resources Council ("VNRC") and ANR] filed joint comments on the scope of this Docket.¹

The joint comments suggest that review in this Docket should be limited to the following issues:

- The Regulatory risk that Peterson dam removal would be required in the near term if CVPS had not entered into the Comprehensive Settlement Agreement ("CSA"), and the associated costs and other impacts.
- The likely costs that ratepayers will have to bear under the CSA, and the costs they would potentially bear in the absence of the CSA.

1. The Town of Milton was a signatory to these comments, but has not filed a motion to intervene, and is therefore not currently a party in this Docket.

— The economic benefits to ratepayers from Peterson station's generation over the next approximately 20 years.

In determining the appropriate scope of this Docket, it is important to understand CVPS's petition. CVPS is asking the Board to issue three orders that would guarantee CVPS rate recovery of certain actions related to the removal of the Peterson Dam: (1) an accounting order allowing CVPS to book and defer a \$1.5 million payment to Milton (for loss of future tax revenues) and a \$500,000 payment to establish a Lamoille River Restoration Fund; (2) a prudence review for system upgrade and separation costs resulting from the loss of the Peterson generating station, cost of decommissioning the Peterson Dam, and replacement power costs resulting from loss of generation of the Peterson Dam; and (3) the establishment of a Decommissioning Fund for removal of the Peterson Dam.

In order for the Board to issue such orders approving rate recovery guarantees, CVPS "must make a strong showing of clear and compelling benefits to ratepayers that would not be attainable without such recovery guarantees."²

The scope of review suggested by the parties does not allow for an examination of "clear and compelling benefits to ratepayers." There are two important issues that are not explicitly addressed: allocation of costs under the CSA, and the environmental benefits and costs of removing the Peterson Dam. I find it difficult to envision how these issues could not be addressed in this Docket. Thus, I accept the scope of review proposed by the parties, with the addition of the two issues noted above.

SO ORDERED.

2. Docket No. 6545, Order of 6/13/02 at 95.

Dated at Montpelier, Vermont, this 17th day of February, 2004.

s/Ed McNamara

Edward McNamara
Hearing Officer

OFFICE OF THE CLERK

FILED: February 18, 2004

ATTEST: s/Susan M. Hudson

Clerk of the Board

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